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File #: 159944

July 28, 2014

Ms. Alisa Bentley
Secretary
Delaware Public Service Commission
861 Silver Lake Boulevard
Cannon Building, Suite 100
Dover, Delaware 19904

**Re: IN THE MATTER OF THE APPLICATION OF DELMARVA POWER & LIGHT
COMPANY, EXELON CORPORATION, PEPCO HOLDINGS, INC., PURPLE
ACQUISITION CORPORATION, EXELON ENERGY DELIVERY COMPANY,
LLC AND NEW SPECIAL PURPOSE ENTITY, LLC FOR APPROVALS UNDER
THE PROVISIONS OF 26 Del. C. §§ 215 AND 1016 (filed July 8, 2014), PSC
DOCKET NO. 14-193**

Dear Ms. Bentley:

Please accept for filing in the above-referenced proceeding the Petition to Intervene of Chesapeake Utilities Corporation. We are filing the enclosed both electronically and in hard copy. Motions and orders for admission *pro hac vice* of Douglas M. Canter and the undersigned are being filed separately. Thank you.

Respectfully submitted,

A handwritten signature in black ink, reading 'Michael W. Gang'. The signature is fluid and cursive, with a large, looping 'G' at the end. It is positioned above a horizontal line.

Michael W. Gang

Enclosure

cc: Service list (via e-mail)

**BEFORE THE
DELAWARE PUBLIC SERVICE COMMISSION**

| | | |
|--|---|-----------------------|
| IN THE MATTER OF THE APPLICATION | : | |
| OF DELMARVA POWER & LIGHT COMPANY, | : | |
| EXELON CORPORATION, PEPSCO HOLDINGS, | : | |
| INC., PURPLE ACQUISITION CORPORATION, | : | PSC DOCKET NO. 14-193 |
| EXELON ENERGY DELIVERY COMPANY, | : | |
| LLC AND NEW SPECIAL PURPOSE ENTITY, | : | |
| LLC FOR APPROVALS UNDER THE | : | |
| PROVISIONS OF 26 Del. C. §§ 215 AND 1016 | : | |

**PETITION TO INTERVENE OF
CHESAPEAKE UTILITIES CORPORATION**

Chesapeake Utilities Corporation (“Chesapeake”), pursuant to Rule 2.9 of the Delaware Public Service Commission’s (“Commission”) Rules of Practice and Procedure, 26-1000-1001 Del. Admin. Code § 2.9, and the Commission’s Scheduling Order attached as Exhibit A to Order No. 8581, dated July 8, 2014, respectfully petitions to intervene as a party in the above-captioned proceeding.

In support of its petition, Chesapeake states as follows:

1. Chesapeake is a Delaware public utility authorized to sell and distribute natural gas in portions of New Castle County and throughout Kent and Sussex Counties. Chesapeake, through its Delaware Division, serves over 44,000 natural gas customers in Delaware pursuant to rates approved by the Commission. Chesapeake’s contact information for this proceeding is as follows:

William O’Brien
Director of Pricing and Regulatory Affairs
Chesapeake Utilities Corporation
350 South Queen Street
Dover, DE 19904
bobrien@chpk.com
Phone: 302-736-7635
Fax: 302-735-3061

2. On June 18, 2014, Delmarva Power & Light Company (“Delmarva”), Exelon Corporation (“Exelon”), Pepco Holdings, Inc., Purple Acquisition Corporation, Exelon Energy Delivery Company, LLC and New Special Purpose Entity, LLC filed a joint application, pursuant to 26 *Del. C.* §§ 215 and 216, for Commission approval of the transfer of ownership of Delmarva, currently a direct subsidiary of Conectiv, LLC and indirect subsidiary of Pepco Holdings, Inc., in connection with the merger of Pepco Holdings, Inc. and Purple Acquisition Corporation, a wholly-owned subsidiary of Exelon. *See* Joint Application, p. 7, PSC Docket No. 14-193 (hereafter “Joint Application”). The merger would combine the natural gas distribution and electric utility assets and operations of Pepco Holdings, Inc. and Exelon. *See* Joint Application, p. 2.

3. Delmarva, indirectly owned by merger applicant Pepco Holdings, Inc., provides electric utility service in Delaware and Maryland and natural gas distribution service in Delaware. *See* Joint Application, p. 6. Chesapeake Utilities and Delmarva are the only two regulated natural gas utilities in Delaware. Delmarva’s natural gas distribution service area borders Chesapeake Utilities’ Delaware franchise natural gas service area. Chesapeake and PECO Energy Company, an indirect subsidiary of Exelon Corporation, compete for upstream interstate natural gas transportation capacity.

4. Chesapeake’s regulated businesses emphasize natural gas distribution, propane supply and interstate natural gas pipeline delivery. With businesses in a number of states, Chesapeake maintains a significant presence in Delaware and the other Mid-Atlantic States of Pennsylvania and Maryland, as well as nearby Virginia. Chesapeake’s regulated businesses include Chesapeake Utilities, a natural gas distributor in Delaware and Maryland; Sandpiper Energy, a natural gas distributor and propane supplier in Maryland; Sharp Energy, a propane supplier in portions of Delaware, Maryland, Virginia and Pennsylvania; and Eastern Shore

Natural Gas Company, an interstate natural gas pipeline in Pennsylvania, Delaware and Maryland.

5. Delmarva's 305,000 Delaware and 201,000 Maryland electric customers include Chesapeake and its affiliated energy companies. In Delaware, Chesapeake subsidiaries Sharp Energy and Eastern Shore Natural Gas Company purchase electricity for their offices and/or facilities from Delmarva. In Maryland, Sharp Energy, Eastern Shore Natural Gas Company, Sandpiper Energy and Chesapeake Utilities' Maryland Division also purchase electricity for their offices and/or facilities from Delmarva.

6. Chesapeake petitions the Commission to intervene in this proceeding. As a neighboring natural gas distributor to Delmarva's natural gas distribution service area, as a retail electric customer of Delmarva and as a competitor of one of Exelon's current energy businesses in the secondary market for interstate natural gas pipeline capacity, Chesapeake's interests will not be adequately represented by any other party in this proceeding. In addition to its direct interests, Chesapeake's participation in this proceeding is in the public interest because of Chesapeake's unique status as the only other regulated natural gas utility in the State of Delaware.

7. In reviewing the proposed merger and Pepco Holdings Inc.'s transfer of control of Delmarva to Chicago-based Exelon, the Commission will determine whether the merger has been "made in accordance with law, for a proper purpose and...consistent with the public interest." 26 *Del. C.* § 215(d). In assessing the public interest, the Commission has broad authority to consider a number of factors that might affect ratepayers and the community. For example, the Commission has previously taken into consideration the effects on competition, the benefits to ratepayers, and the ramifications on Delaware's community and economy in

determining whether a proposed merger was in the public interest. *See In re Delmarva Power & Light Co.*, 217 P.U.R.4th 142, 13-16 (2002).

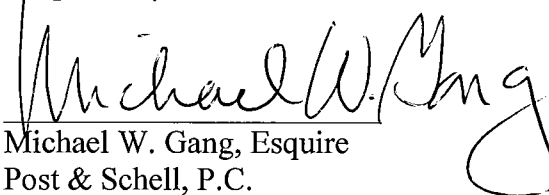
8. After the merger, Delmarva will operate as part of Exelon's holding company system. *See* Joint Application, p. 7. It is unclear whether and, if so, how much the diverse interests of fostering electric grid reliability, developing electric and natural gas infrastructure resiliency, addressing distributed generation and micro grid issues, encouraging energy efficiency, obtaining reasonable corporate-holding-company overhead cost allocations to Delmarva's local gas and electric utilities, and maintaining and/or increasing long-term Delaware jobs might weigh in favor of creating divergence between Delmarva's natural gas and electric facilities and services under any new consolidation with Exelon. Chesapeake is still reviewing the joint application to determine whether applicants have shown that the planned merger is in the public interest. *See 26 Del. C. §§ 215(d), 1016(a)*. However, in assessing the merger, the Commission should consider its effect on Delmarva's natural gas customers.

9. For these reasons, Chesapeake respectfully requests that it be granted intervenor status in this proceeding.

WHEREFORE, Chesapeake Utilities Corporation respectfully requests that Hearing Examiner Mark Lawrence grant this Petition to Intervene.

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Director of Pricing and Regulatory Affairs
Chesapeake Utilities Corporation
350 South Queen Street
Dover, DE 19904
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Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Michael W. Gang". The signature is fluid and cursive, with a large loop at the end of the last name.

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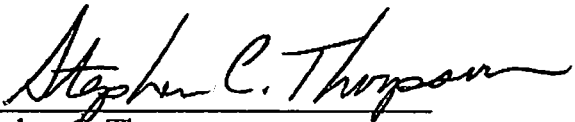
Date: July 28, 2014

Counsel for Chesapeake Utilities Corporation

VERIFICATION
PSC Docket No. 14-193

I, Stephen C. Thompson, Senior Vice President of Chesapeake Utilities Corporation, hereby state that the factual assertions set forth in the attached Petition To Intervene of Chesapeake Utilities Corporation are true and correct to the best of my knowledge, information and belief.

Date: 07-28-14



Stephen C. Thompson
Senior Vice President
Chesapeake Utilities Corporation
909 Silver Lake Boulevard
Dover, DE 19904
Phone: 302-734-6799

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons listed below in accordance with the requirements of 26-1000-1001 Del. Admin. Code § 1.6.6

VIA ELECTRONIC MAIL

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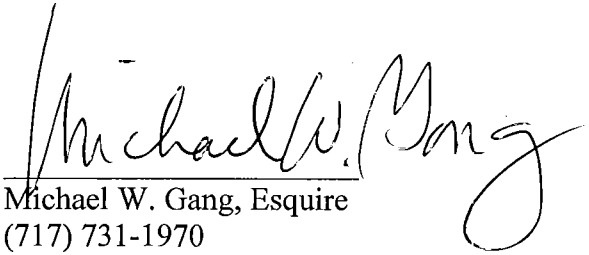
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Date: July 28, 2014


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